



**United States Agency for International Development**

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# **Results Review and Resources Request**

**USAID/Mongolia**

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# PART I: INTRODUCTION

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## I.A Overview

**Introduction.** Mongolia, having survived the worst of the post-1990 transition, is now at a crossroads. Signs of recovery are apparent; and appropriate policy reforms initiated under the Democratic coalition are being actively pursued. At the same time, there is growing concern over the differential impact of the transition process, in particular over rising poverty and unemployment, and deterioration of many social indicators, particularly at the provincial level. While, the positive democratic and economic reforms appear to be laying the groundwork for the development of a democratic, market-led society, the achievement of this objective is by no means assured. The decisions made in the next three years on building the future Mongolia will have a profound impact on future generations. The ambitious reform program of the Mongolians has aroused Congressional interest in supporting a long-term program in Mongolia.

The emergency situation in the energy sector, which has consumed the bulk of USAID resources to Mongolia is over. The USAID program has kept the system operational and has provided time for other donors to implement rehabilitation efforts. GOM energy price increases, resulting from USAID advisory support have resulted in a more operationally viable system. The above conditions suggest it is time for USAID to end its focus on emergency assistance to the energy sector and to devote these resources to an enhanced long-term sustainable development program. Through the successes and lessons learned from the Mongolian program, as well as the experience the Agency has in other countries, USAID is in a position to contribute to over-all USG objectives, through the development of a sustainable democracy and accelerated private sector led growth.

**Recent Economic Developments.** The economic reform process began in earnest in 1991 with the launching of a massive, but flawed, privatization program that transferred 44% of state-owned enterprises and 72% of Mongolia's 25 million state-owned animals to private ownership. The trauma of this transition was compounded by loss of Soviet subsidies (which amounted to 30% of GDP) and the dissolution of the Council of Mutual Economic Assistance (CMEA) which provided concessional terms for trade with other communist countries. The combined effect of these events was widespread hardship throughout the country. Between 1990 and 1993 GDP declined by 30% and hyperinflation gripped the economy.

Growth resumed in 1994, and peaked at 6.3 percent in 1995 on the back of a copper boom, only to fall back to 2.6 percent in 1996 when copper prices fell by 25%. GDP growth in 1997 was approximately 3.3 percent. Inflation remained over 50 percent per year until recently, but started to decline sharply in the second half of 1997, and measured 20.7 percent for the year. However, the credit squeeze that is driving out inflation is depressing production. With the exception of

copper, most industrial production is down, and official unemployment has risen by 25 percent to over 6 percent in 1996, considerably higher in provincial areas. The true number of unemployed is estimated to be well over 20 percent of the labor force. The UNDP Human Development Index has risen slightly after the collapse in 1991-93, but shrinking public expenditures have affected the quality of health care and education services, evidenced by higher maternal mortality and school dropout rates than in the pre-transition period. The official level of poverty has increased, and an estimated 36 percent of the population now lives below the poverty line, with female-headed households exhibiting a higher incidence of poverty than male-headed households. The most severe economic and social problems can be found outside the capital city of Ulaanbaatar. Indeed, unlike most other developing countries, economic and social indicators are lowest in Mongolia's small towns. The reasons include: 1) the closure/dissolution of state-owned farms and enterprises located in aimag (province) and soum (county) centers; 2) the laying off of aimag, soum and bag (township) level public servants such as health care workers and teachers; and 3) the migration to town centers of many herders who received inviable livestock holdings after the privatization of the state herds in 1992. One recent estimate suggested that 41% of those living in poverty were located in aimag centers and that 23% were located in soum centers, far above their proportion of the population. In contrast, Ulaanbaatar which accounts for about a quarter of the population, accounted for only 12% of those living in poverty.

The pace of structural reforms has accelerated since late 1996. In addition to price liberalization, the Government is launching a sweeping public administration reform program, revamping privatization, and abolishing virtually all import tariffs. It has closed two large unviable banks and is restructuring the Ulaanbaatar focused banking sector. Most restrictions on private enterprise have been lifted (with some exceptions in strategic sectors), and the government has instituted a new privatization program aimed to privatize more than 800 firms by 2000. Parliament has enacted an impressive set of new financial, commercial and economic laws. The government reached an ESAF agreement with the IMF in June, 1997 that is improving macroeconomic conditions.

***Economic Prospects.*** The World Bank and Government of Mongolia officials believe that a sustainable GDP growth of at least 5 percent per year can be achieved early in the next decade. The underlying assumptions are that: (a) ongoing reforms restore macroeconomic stability, increase national savings to roughly 16 percent, and foreign savings remain at their current level.; (b) better financial intermediation reduces real interest rates and boosts incentives for the private sector; and (c) enterprise adjustment and privatization increase productivity of investment. In the short term, Mongolia is unlikely to reach the 1995 record growth of 6.3 percent of GDP.

Inflation has begun to fall, although it may be affected by possible energy and other utility price adjustments. Controlling the fiscal deficit and maintaining tight monetary policy will be key to containing inflation in the short run. Managing mineral related trade shocks is essential for stability in the medium term.

Mongolia's comparative advantage is in mining, livestock and animal-based primary production. Copper (50 percent of exports and 25 percent of value-added production and cashmere (10 percent of exports) are likely to remain the principal exports over the medium term; although

other minerals e.g. uranium and some finished products, such as leather goods are expected to expand. Macro conditions will improve considerably if Mongolia can expand and diversify exports. The redirection of trade from the former CMEA countries and the liberalization of trade regime are facilitating this process. Commercialization of the agricultural sector, including value added processing of agricultural products at the local level could have an impact on output and employment in the medium term. Better integration in the world economy could bring Mongolia significant gains in its terms of trade, and therefore a boost in income growth because agricultural prices are still significantly below world market prices. Growth in livestock will remain steady over the medium term even though environmental constraints, such as degradation of pasture land, threaten growth in the long run. Industrial enterprises, now stripped of their subsidies are restructuring fast, but in the short term industrial output will decline. Services are likely to grow much faster, as the banks recover, although the biggest growth in this sector will come from the informal sector, now accounting for over 15 percent of GDP. Mongolia may also need to look for innovative sources of growth, such as information technology given its highly literate population, ecotourism given its pristine countryside, as well as specialty agricultural products.

***Recent Democratic Developments.*** Mongolia's democratic transformation has proceeded rapidly. The following events have occurred since 1990: 1) a new constitution has been put into effect which guarantees basic democratic rights and protections; 2) a representative parliament has been created; 3) five free and fair national-level elections have been held; 4) a new, independent, judicial system has been established; and 5) a vibrant community of citizen-initiated nongovernmental organizations has emerged. Given the 1989 baseline of a completely controlled society with an absence of democratic institutions, Mongolia's political evolution has been astonishing. Freedom House has done a comparative democratic survey for Mongolia, utilizing a 7 point scale in which a score of 1 is rated most free. According to the survey, Mongolia scores 2 for political rights and 3 for civil rights.

In 1996, the people of Mongolia elected a new slate of candidates under a democratic coalition into Parliament. A Mongolian Peoples Revolutionary Party (MPRP) leader, the former Communist Party, was elected President in 1997. Politically independent, Mongolia is still faced with the reality of living between two giant neighbors, Russia and China.

A majority of the population remains committed to democratic and economic reforms. There is a balance of power in government between the democratic coalition and the former communist party minority. All political parties, including the top leadership of the MPRP are publicly committed to democracy and are actively participating in democratic institution building.

Economic and social policy decision-making comes from state organizations. The Soviet model persists, with citizens rarely having the opportunity or the means to determine their own future. Civil society institutions are thriving in Ulaanbaatar; they are generally lacking in the countryside, where the hardships of economic reform have hit hardest. Without information and guidance on how to participate in decision-making and in a market economy, the social backlash against reform and sentiment in favor of a centrally directed economy could increase. The election of an MPRP President in 1997 was an indication. There is an urgent need to develop an

understanding of economic decisions, before the negative social consequences of reform threaten to stop the process.

## **I.B Factors Affecting Program Performance**

Mongolia needs to continue to pursue market reform, and to more vigorously develop the institutional capacity that supports private sector-led growth. This requires building on recent gains in stabilization. Continued fiscal consolidation by reducing enterprise subsidies in the course of privatization and further price adjustment. A related objective is the need to increase national savings. Stable, more accessible, better managed and privatized banks and financial institutions are essential. Government must also include others in formulating a clear strategy for private sector development. Decisions, generally are made by a closed circle of officials with little or no input from the sectors that are impacted by policy decisions. Rules, regulations and laws need to be publicized and procedures for implementing laws made transparent. Government savings and private profits from reduced taxes and increasing productivity will be the most likely sources of savings. It is often thought that household savings are barely positive, however, because of the absence of rural financial institutions, the rural population puts their savings into livestock. This is one reason for the tremendous growth of the livestock herd in recent years, combined with the loss of traditional markets. Thus the development and commercialization of the agricultural sector could have economic, as well as environmental impacts. Mongolia has to mobilize private capital flows to compensate for the inevitable decline in external aid. Mongolia has a high level of dependence on overseas development assistance. The October 1997 Consultative Group meeting in Tokyo resulted in pledges of \$250 million in loans and grants in 1998, up from \$212 for 1997. Mongolia attracted \$ 41.6 million in foreign investment in 1997.

An improving foreign investment environment should foster investment, notably in mining and agro-industry. Productive investment requires: 1) completion of the privatization program; 2) improvements in infrastructure to promote internal linkages; as well as linkages with the world economy; and 3) measures to keep fragile pastureland fit for production. Stimulating the supply response of the private sector hinges on: 1) building a stronger and more credible financial sector that is able to offer effective intermediation to its clients; and 2) a transparent legal and regulatory framework and judicial system that enjoys public and investor confidence.

A second major challenge is to reduce poverty. Mongolia's vast territory and scattered settlements limit access to basic services, and makes their provision very expensive. In light of proposed privatization of some of these services, and reduction in social services subsidies, poverty reduction has to remain a priority for public policy. This implies sustained GDP growth rates of at least 5 percent per annum. The Government will have to enhance its targeted safety net and social assistance for vulnerable groups, including female-headed households, pensioners, the disabled and street children. A significant portion of the labor force will require retraining to understand markets and to develop the skills needed in the new private sector-dominated economy. Related objectives are: maintaining Mongolia's high human capital standards; and exploring mechanisms for more efficient and innovative service delivery in health and education. Ensuring access to health and education services, particularly for poor households, is a

prerequisite for equitable human development and poverty alleviation. In addition, the authorities recognize the need to take into account gender specific priorities. These include promoting boys' access to basic education, and credit facilities for rural women.

The challenges facing efforts to institute a democratic system in Mongolia should not be minimized. Extreme economic difficulties may shorten the life span of reforms. Rapid macro-economic adjustments and a severe loss of buying power in the past seven years have created an underclass that is desperately poor. A recent FAO study recommended poverty focused food aid for Mongolia. The situation in provincial urban centers is particularly severe. Loss of social assistance programs, and resulting economic effects on pensioners, the unemployed and other marginalized segments of the population also present barriers to the development of democracy and the implementation of market reforms.

Geographic and information isolation, traditional reliance on government decision-making and benefits, lack of cooperation between political and social groups, and relative newness of democratic principles also constitute barriers, albeit surmountable barriers to the development of democratic society.

These developments have led the Mission to make a number of adjustments to the Mongolia program during the last year. First, we have concluded that the crisis stage of the Mongolian energy situation is past. Accordingly, we intend to focus our assistance activities more tightly on promoting the development of a free-market, private sector led economy and democracy in Mongolia. We intend to continue with the provision of gen/sets begun in 1997. These are instrumental for insuring an adequate supply of efficient power to aimag centers and thus will contribute to private sector led growth, as well as significant operational savings for both national and local energy bodies. Second, the need for further stabilization efforts has led us to extend Economic Policy Support Project (EPSP) to September 2000. Furthermore, EPSP will focus significant resources on developing and implementing a Mongolian strategy to strengthen the private sector, thus impacting on employment and poverty reduction. We intend to provide significant assistance to the GOM's privatization program. Assistance will be provided through the Global Bureau's Support for Economic Growth and Institutional Reform (SEGIR) privatization contract. The Mission views these steps as contributing to both economic and democracy strategic objectives. Since it is unlikely that democratic reform can continue without a sustainable expansion in the growth rate and the development of a broad-based private sector that will evolve into a significant middle-class and thus have a vested interest in preserving democracy and democratic institutions. Third, the recognition that the problem areas are not in Ulaanbaatar, but in the rural areas has resulted in the Mission preparing a Rural Civil Society Program (RCSP) that will focus on promoting transparent, bottom-up and participatory solutions to improve governance and prospects for economic growth in the countryside. A crucial input of RCSP will be providing knowledge and information on market led development and solution to problems and the skills needed to implement these solutions. Since agriculture is of profound importance to the livelihood of the rural sector and to the alleviation of poverty, the Mission is recommending the implementation of a Farmer to Farmer Program to help establish critical rural institutions to foster the growth of a grass-roots market agriculture, as part of RCSP.

## **I.C Overall Progress in the USAID/Mongolia Program**

USAID's program in Mongolia was launched in November 1991 in response to the Mongolian government's decision to move from a command to a market economy and its commitment to political pluralism. Between fiscal years 1991 and 1997 USAID provided Mongolia with approximately \$72.8 million in assistance, approximately \$45.3 has been devoted to emergency energy assistance. The current program has two Strategic Objectives: 1) The creation of a policy and institutional framework conducive to rapid private sector expansion; 2) A broad, open and sustainable public debate on aspects of the new and evolving social contract. The program has one approved Special Objective: Support to the Mongolian Power Production System.

The following are USAID/Mongolia's most significant achievements in our approved strategic areas during 1997:

**Strategic Objective 1:** EPSP policy-analysis and advising activities contributed to the launching of no less than six major new GOM reform initiatives including: 1) eliminating all customs taxes and duties; 2) implementing major tax reforms; 3) designing a new privatization program; 4) reforming Mongolia's pay-as-you-go pension plan; 5) revamping the institutional and legal framework for foreign investment; and 6) initiating public administration reforms.

**Strategic Objective 2:** The International Republican Institute (IRI) assisted in the reorganization of the majority caucus of the Great Hural. As a result of the reorganization the caucus has the means to provide consistent legislative support for economic and political reforms. The Asia Foundation (TAF) continued its assistance to urban-based NGO's. The International Development Law Institute's program on Legal Professionalism is on track, with the bench books (reference materials and self-training guides for Mongolian judges and others involved in the Mongolian court system) expected to be ready for publication in the Mongolian language by March 1998..

**Special Objective 1:** The crisis stage of the Mongolian energy situation has past. The Mongolia Energy Sector Project has met its objective of having kept the Mongolian electricity, steam heat, and hot water system up and running without any major long-term interruptions. USAID has succeeded in meeting an ambitious set of emergency energy procurements for Mongolia's power plants and coal mines. Tangible improvements in the performance of Mongolia's power plants continue to be reported. This winter, even with almost half the capacity of the Ulaanbaatar power plants under repair, due to renovation work being funded by the Japanese and the Asia Development Bank, the electricity and heating needs of the capital are being met, with few hardships being reported. Privatization in the energy sector and development of a national energy strategy remain the main challenges.



## **PART II: PROGRESS TOWARDS STRATEGIC OBJECTIVES**

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### **Support For Mission Program Plan (MPP)**

USAID supports the Embassy's FY 1997-2001 Mission Program Plan (MPP), approved in January, 1997. The Plan has the following policy goals. 1) Encourage the development of democratic institutions by providing appropriate monitoring, information exchange, training and civic education; 2) Promote the sale of U.S. products and encourage U.S. business participation and investment; 3) Expand and formalize scientific and military cooperation.

SO2 directly supports the Embassy's democracy goals. USAID programs to support political party and parliamentary professionalism, professionalism in the judicial system and the establishment of an independent NGO community contribute directly to this goal. In addition over the years USAID has provided training for at least 15 current parliament members, 4 cabinet members, 9 supreme court judges, 3 constitutional court judges, and 15 activists in the NGO movement.

SpO1 has supported the Embassy's trade goals by funding approximately \$4.2 million in equipment and spare parts from U.S. sources. This accounts for over 70 percent of the value of commodities provided under the energy program in 1997. We intend to provide an additional \$2.8 million for gen/sets in FY98 and in FY99.

SO1 is also contributing to this objective by assisting in the development of a suitable macroeconomic environment for potential U.S. investors. In the future we expect to focus much more on accelerating private sector development. This will support new initiatives by the Embassy to organize a U.S. business group, identify impediments to business and investment and improve the business climate by working with the private sector and GOM agencies.

SpO1 is contributing to the Embassy's scientific goals through providing assistance to the National Renewable Energy Laboratory for wind assessment collaboration with the Mongolian Renewable Energy Corporation and the Institute of Meteorology and Hydrology.

## USAID/Mongolia Results Summary Table For 1997

Objective Name	Rating	Evaluation findings
SO 1: The creation of a policy and institutional framework conducive to rapid private sector expansion	Exceeded	EPSP policy-analysis and advising activities contributed to the launching of no less than SIX major new GOM reform initiatives and the activity made greater contributions than expected towards improving GOM's macroeconomic management and policy analysis capacity.
SO 2: A broad, open and sustainable public debate on aspects of the new and evolving social contract.	Met	Mongolia's political achievements since it embraced democracy in 1990 have been profound. USAID assistance has played a key role in realizing these achievements.
SpO 1: Support to the Mongolian Power Production system.	Met	The activity has been keeping the Mongolian electricity, steam heat, and hot water system up and running without any major long-term interruptions.
Percent funding through NGOs and PVOs: FY98 25%; FY99 48%; FY00 48%		

### Results Review

The results review section that follows is divided into four parts: the first examines progress and plans associated with the Mission's Strategic Objective 1, the second examines progress and plans associated with Strategic Objective 2, the third provides a similar review of the Mission's Special Objective, and the fourth reviews environmental compliance issues. The performance data tables associated with the Mission's strategic objectives can be found at the end of the section.

### **II.A Strategic Objective 1 - The Creation of a Policy and Institutional Framework Conducive to Rapid Private Sector Expansion**

Activities under this SO are implemented under the Economic Policy Support Project (EPSP). Development Alternatives International (DAI) provides the technical services and The Academy for Educational Development, provides training resources. Both organizations contribute toward the IR associated with this SO: Improved formulation and implementation of GOM macroeconomic and sectoral policies that are conducive to private sector led growth.

The technical assistance component of this activity is located in the Office of the Prime Minister. Under the training component there are currently 15 Mongolians in long-term master's degree training in various U.S. institutions. The first group of participants are not scheduled to return until May, 1998. EPSP was evaluated last Fall and given high marks. Based on the evaluation results and the need for continued technical assistance in the policy area, the Mission intends to extend the life of EPSP through FY 2000.

## II.A.1 PERFORMANCE ANALYSIS

**EPSP Policy-Analysis and Advising Activities.** EPSP activities contributed to the launching of six major new GOM reform initiatives during the year. Together with its two major reform contributions in 1996 (banking sector restructuring and reform of energy pricing), EPSP now has helped generate eight major GOM reform initiatives.

*Eliminating All Customs Taxes And Duties.* The Prime Minister requested EPSP for help in analyzing the desirability and feasibility of eliminating all customs duties, thus giving Mongolia the world's most liberal trading regime. EPSP succeeded in building consensus within the GOM for a strong liberalization of trade in order to give Mongolian businesses easier access to new technologies and information. They then worked with the Ministry of Finance in putting together a macroeconomically sound package of measures which won the support of the GOM and the IMF. As a result of these efforts, the Mongolian Parliament abolished virtually all customs duties, and offset some of the revenue losses with less distortionary excise taxes on motor vehicles and petroleum products. This measure has opened the door to more trade, helped mitigate inflation and increased the competitiveness of the Mongolian economy.

*Implementing Major Tax Reforms.* In 1997 the highest tax rate on small and medium enterprises was reduced from 30% to 15% and a new value-added tax law was approved for implementation in 1998. These key growth-promoting measures were strongly influenced by the EPSP COP's repeated stress on the necessity of shifting taxation from production to consumption during the Economic Policy Workshops held in 1996 and 1997. The final documents produced by both of these workshops expressed the Cabinet's determination to implement such measures.

*Designing, Approving And Beginning Implementation Of A New Privatization Program.* At the 1997 Workshop, the EPSP presented the principles of a new approach to privatization. In the following months EPSP staff worked closely with the GOM on the design of a new program, emphasizing transparency, speed and allowing competition and market forces to determine prices of assets, rather than bureaucratic methods. In May the new program was approved. Auction sales of properties were held throughout the year and auction sales of small enterprises began in the Fall, with a total of 16.4 billion tugrik in assets transferred to private ownership, three times higher than had ever occurred previously.

*Reforming Mongolia's Pay-As-You-Go Pension Plan.* In response to a request from the Prime Minister for assistance in defining an appropriate long-term plan for developing a sustainable pension system, EPSP consultants assessed the current pension plan and made recommendations for the adoption of a Notional Defined Contributions (NDC) plan. After discussions with the Prime Minister, the Ministers of Finance, Health and Social Protection, key parliamentarians, as well as with other donors active in pension policy, the Parliamentary Standing Committee on Social Policy issued a resolution in September establishing a Working Group charged with implementing the NDC plan suggested by EPSP. EPSP will continue to provide support to this committee in 1998 to create enabling legislation and establish operational guidelines. Once in place, the NDC pension plan will enable workers to see a direct connection between their

contributions and benefits. In addition, it will reform the present pay-as-you-go contribution and benefit formulas to enhance the long-run sustainability of the plan. It will also prepare the way for a future transition to funded pension system when the economic, legal and financial environments are sufficiently developed. Upon GOM approval of the new pension program the Asia Development Bank is considering the approval of a \$5.0 million credit to support the program.

*Revamping The Institutional And Legal Framework For Foreign Investment.* The GOM implemented major improvements suggested by EPSP consultants in the legal and institutional framework governing foreign investment. Following a joint mission with EPSP and the Foreign Investment Advisory Service, the GOM adopted recommendations made to create a new Board of Foreign Investment with a mandate for promoting investment, essentially replacing the old agency charged with investment regulation. In addition, EPSP economist D. Turbat played a leading role in the drafting of the new Mining Law in advance of the June Mining Investment Conference. This new law, and the GOM's efforts to promote mining sector investments have contributed to a rapid expansion in mining sector activity.

*Initiating Public Administration Reforms.* Following intense involvement of EPSP in the assessment of existing plans for public sector management reform, in February 1997 the COP initiated further discussions within the government and between the government and key donors (IMF, UNDP) on the need to devise a new approach. In order to provide relevant outside input into these discussions, the COP recommended the involvement of consultants with experience in public administration reform in New Zealand. This led directly to a presentation at the Second Economic Policy Workshop by Ian Ball, former Deputy Treasury Secretary of New Zealand, who introduced the performance and private sector based public administration reform experience of New Zealand. Following this presentation, the Government maintained and expanded contacts with key figures from the New Zealand reforms, and developed a new Public Sector Finance and Administration Act, based on the New Zealand model, which was presented to Parliament in October.

## **The Impact of EPSP Assistance**

*Contributions to Macroeconomic Management.* A key part of EPSP's mission is to enhance the GOM's capacity to conduct economic policy analysis and define its own policy directions. EPSP seeks to achieve this through two main types of actions: 1) it offers practical policy-analysis experience to Mongolian economists by hiring them as EPSP staff to work with GOM policy makers and international consultants on important economic policy issues, thereby building their skills and confidence and integrating them into GOM policy making structures; and 2) it adopts a participatory collaborative approach in which EPSP staff spend considerable effort explaining policy options, the logic behind preferred choices and making sure that analytical methodologies for selecting policy options are understood at appropriate levels of detail for policy technicians and policy makers in order to familiarize them with useful tools and concepts.

At the end of 1997, four EPSP economists have been directly integrated into the Prime Minister's Economic Advisory Unit, where they continue to work closely with EPSP staff and consultants. EPSP-trained economists made major contributions to eight GOM reform efforts and 14 economic initiatives.

*Macroeconomic Indicators:* EPSP's assistance has always been rooted in the need to achieve macroeconomic stability quickly as an essential precondition for a sound environment in which private sector-led growth can take place. In general, the GOM has assigned a high priority to stabilization measures, many of which it has enacted with assistance from EPSP. These efforts began to yield significant results in 1997 and are most dramatically shown by the sharp decrease in Mongolian consumer price inflation to 20.7% in 1997, after six years of inflation between 330% and 53%. Specific measures taken by the GOM, with input from EPSP, that contributed to this deceleration in inflation include:

- The bank restructuring actions in December 1996, which led, in a remarkably short time, to increased confidence in banks and to a recovery of savings and time deposits. This led to a slower velocity of money and was a major factor in the stabilization that has occurred.
- The strategic decision to raise energy prices sharply in the last two quarters of 1996 eliminated an important source of inflationary budget and bank subsidies to the energy sector.
- The successful resistance to demands for large public sector wage increases following the energy price adjustments, which were critical in controlling aggregate demand.
- The elimination of customs tariffs on May 1, 1997 held down prices of imports. This also helped open the economy to a greater degree, thereby restraining price increases in the tradeable goods sector.

Having taken all these steps already, the successful negotiation of a new three-year Enhanced Structural Adjustment Facility (ESAF) program with the IMF in July 1997 should now lock in these policy changes and help the GOM resist pressures to relax its stabilization efforts as the next elections approach.

It is important to note that this basic improvement in the environment for private sector growth shown by the decline in inflation during 1997 is reflected in other major macroeconomic indicators. Real GDP growth increased to about 3.3 percent in 1997 from a 2.6 percent rate in 1996. Similarly positive signals appeared in the current fiscal balance, which although declining from 4.9% of GDP to 2.4% due to major tax cuts and the unavoidable costs associated with bank restructuring, actually exceeded its IMF performance target of 1.5%. Receipts from the sale of public assets also grew exponentially in 1997, as the GOM conducted an ambitious cash-sales program which transferred numerous small enterprises to the private sector.

*Improved Energy Sector Policies.* The impact of the GOM's 1996 decision to significantly raise energy prices, in which EPSP played a central role, became apparent in 1997. Despite the higher prices for coal, which were essential to the sustainability of the energy sector, the overall financial position of the Central Energy System (CES) turned positive for the first time in recent memory during the first two quarters of 1997, as revenue growth far outstripped increasing expenditures. Whereas the CES operations in 1996 resulted in a loss of 10.6 billion tugrik, necessitating an equivalent amount of subsidies from the GOM budget, results during the first two quarters of 1997 show a profit of 5.9 billion tugrik--indicating that GOM subsidization of basic energy provision has come to a halt. A comparison of quarterly operating results from the first two quarters of 1996 and 1997 shows a similar relationship, indicating that there is every reason to believe that the CES's operations are now fundamentally profitable. This turn-around in the CES's profitability indicates that EPSP has met the 1998 target for complete elimination of public subsidization of the CES in 1997.

*Turnabout in Savings Deposits.* After spending significant effort to help the GOM set its policies towards banking sector reform and dealing with insolvent banks in 1996, EPSP devoted only minor attention to financial sector activities in 1997. During the course of the year, the impact of EPSP banking sector assistance in 1996 became increasingly clear, as Mongolia rapidly resolved its banking crisis. Whereas time and savings deposits fell throughout 1996--declining by 3.6% in nominal terms, which translated into an alarming 39.3% decrease in constant tugrik--the GOM's announcement of the closing of two major banks and the restructuring of the banking system in December 1996, helped stabilize the situation. During the first quarter of 1997, the rhythm of withdrawals from the banking system slowed substantially and over the year as a whole, time and savings deposits rose in real terms by 15%. This turn-around in 1997 is most notable in real tugrik deposits, which actually rose by 22.5%, while foreign currency deposits exhibited a slight decrease. This provides further evidence of growing public confidence in the banking system and the GOM's ability to steer a stable course.

*Improved Fiscal Management.* EPSP activities in the fiscal management sector for 1997 included: 1) intensive discussions between the COP, the Prime Minister, Parliament members, officials in the Ministry of Finance and various donors on the advisability of lowering and unifying Mongolia's system of business taxation; and 2) continuing on-the-job training and seminars on public budgeting and IMF-type financial programming offered to the Ministry of Finance by an EPSP consultant during the first two quarters of the year.

As a result of the first set of activities, the GOM approved a measure in the second quarter to unify Mongolia's three-tiered business tax rates in which large, medium and small enterprises each pay respectively a 40%, 30% and 15% tax on profits by applying an across the board 30% rate. Following fourth quarter discussions in Parliament, these proposals were subsequently enacted with a modification to retain the 40% rate on large businesses (over 100 million tugriks in turnover), while the rate on small and medium enterprises was unified at the lower rate of 15%. This legislation, scheduled to take effect in 1998, effectively cuts the maximum tax rate on small and medium enterprises in half and meets the reduction target set for 1997.

The assistance provided to the Ministry of Finance has given the Ministry's Budget Department personnel a workable spreadsheet model of the economy that is linked to the budget. This model proved to be extremely useful to Ministry staff during the IMF ESAF negotiations, as they were able to use it to produce rapid projections of budget and economic variables under different scenarios to support the Mongolian negotiating team. Further assistance to capitalize on this initial progress is planned to begin in 1998.

## **II.A.2 EXPECTED PROGRESS THROUGH FY 2000**

EPSP is extremely well positioned to help shape future Mongolian fiscal, monetary and sectoral policies. Accordingly, given the availability of funding, the Economic Policy Support Project expects to achieve the following results through FY 2000.

*The Development and Implementation of a Comprehensive Private Sector Growth Strategy.* Building on its success at the macroeconomic level, EPSP will help the GOM devise a strategy for addressing critical sectoral policy constraints and development needs in order to accelerate private sector growth. This will be done in coordination with the privates sector, banks and foreign investors. Activities planned in 1998 will commence this effort by completing strategic sectoral diagnoses in such sectors as agriculture, capital markets, and financial services. This work will help the GOM set its sectoral reform priorities and allow it to have a more effective strategy for cooperating with the private sector and utilizing donor assistance.

*The Creation of a Fiscally Sound Notional Defined Contributions Pension System.* EPSP activities are designed to help the State Social Insurance General Office (SSIGO) establish a functional, efficient pension scheme based on the notional defined contributions (NDC) system. EPSP assistance will focus both on the design of the NDC model and enhancing the SSIGO's administrative capacities.

*The Creation of a More Efficient Energy Sector Organized Along Market Principles.* With the arrival of a long-term energy advisor in January, 1998, EPSP is focusing increased attention on further energy sector reforms. Activities planned in 1998 will lead to the enactment of a new Energy Law to establish a regulatory authority and to the definition of an appropriate plan for restructuring the energy sector to unbundle centralized Energy Authority components responsible for electricity and heat generation and distribution. Subsequent EPSP assistance in 1999-2000 will support the implementation of the energy sector restructuring plan.

*The Strengthening of GOM Policy Analysis and Economic Management Capacities.* EPSP will continue its capacity building activities by focusing on transferring policy analysis knowledge and skills to GOM policy-makers in specific institutions engaged in key reform efforts. In the SSIGO, for instance, EPSP consultants will help its staff set-up a working actuarial model of the Mongolian pension system that can be used to assess the impact of economic and demographic changes and to signal needed adjustments in the major parameters of the NDC pension system. Similar work in the Ministry of Finance will help policy makers use a financial programming

model to simulate the impact of recent macroeconomic developments on major budget items and to use this information in the preparation of the annual budget.

Related to economic management is the growing need to establish a donor coordination mechanism and monitoring capacity. This is an area of increasing importance, and EPSP is poised to assist the GOM in this area.

*Privatization.* The GOM is implementing an ambitious privatization program, scheduled to privatize 800 entities by the year 2000. Included in this list are large entities such as Gobi Cashmere and MIAT, the national airline. Minimal support for implementing the privatization program has been provided through the SOROS Foundation. This support while never significant is scheduled to end in June, 1998. The Prime Minister's Office and the State Property Committee (SPC) have requested USAID assistance in this area. Given the importance of the privatization program to USAID objectives, the Mission has agreed to this request. The preferred instrument for providing this assistance is the Global Bureau's Support for Economic Growth and Institutional Reform (SEGIR). The Global Bureau and the Mission will conduct an assessment of the SPC's needs in April, and develop a scope of work and budget for this activity, and complete this within the SEGIR mechanism. We hope to have a team in Mongolia by July, 1998.

*Training.* USAID does not intend to provide additional resources for the long-term masters training in economics. USAID currently has 15 participants in training, in addition the Australians have a similar number in long-term economics training. We recently received a list of 14 potential participants from the Ministries of Infrastructure Development and Finance. None of the participants came close to receiving the minimal TOEFL score of 550. USAID feels we may have depleted the pool of English speaking decision makers in the capital. Given our staffing constraints, we do not intend to get involved with English language programs or extensive searches for appropriate candidates. Instead, the Mission intends to support appropriate short and long-term training supportive of our technical assistance efforts. We will work with our technical assistance providers in identifying suitable training programs to supplement their activities.

## **II.B Strategic Objective 2 - A Broad, Open and Sustainable Public Debate on Aspects of the New and Evolving Social Contract**

The Asia Foundation (TAF), the International Republican Institute (IRI) and the International Development Law Institute (IDLI) are implementing activities in support of this SO.

### **II.B.1 PERFORMANCE ANALYSIS**

TAF is responsible for the achievement of IR 1: a robust and self-sustaining community of indigenous citizen initiated NGOs exists. IDLI is responsible for the achievement of IR 2: organs of the judicial branch are capable of using and do use their authority and powers to support and



protect a wide and sustained public dialogue on national issues. IRI is responsible for the achievement of IR 3: electorate given access and a voice in national and local legislatures.

**The Asia Foundation.** TAF is supporting a select number of key Mongolian NGOs playing political and economic advocacy, oversight, and civic education roles, in addition to developing NGO communication capabilities to create stronger linkages between the NGO sector, the general public, and government bodies at all levels.

The single most important achievement in 1997 in which TAF played a role was the passage of the NGO Law by the Parliament on January 31, 1997. It was an initiative led by NGOs which engaged both the legislative and executive branches of government. Passage of the law represented the culmination of 2.5 years of assistance. The law is providing a favorable environment for the growth of the NGO community and for the development of open and constructive mechanisms for collaboration with the government and the NGO community. Public-NGO partnerships dealing with public policy issues were another notable achievement. A particularly high profile example is the tri-partite agreement signed by the Women for Social Progress (a Mongolian NGO) with the Secretariat of the Parliament and the (Mongolian) National History Museum. The purpose of the agreement is to make the activities of the Parliament more open to the public and to provide citizens with access to the work of the legislature.

Other results achieved during the year include the following:

- Completion of the first draft of a new election management law, coordinated by the Women for Social Progress in collaboration with staff lawyers in the Secretariat of the Parliament. TAF provided technical assistance in developing a comprehensive election management law.
- Completion of the first draft of landmark domestic violence legislation by the Women Lawyers' Association (WLA) in collaboration with staff lawyers in the Secretariat of the Parliament. TAF provided operational support to WLA during the year permitting them to work on the law and helped with other tasks associated with the drafting process, such as the transmittal of prototype legislation to Mongolia.
- Funding to the Women for Social Progress of the first-ever Public Forum on the Presidency, prior to the May 1997 presidential elections, with the resulting publication of the first-ever citizen manual on the presidency, entitled "What is the Presidency?"
- Completion of the WLA's first long term strategic plan, development of the first-ever individualized plans by aimag branches and strengthened organizational development and program implementation at the local level. TAF provided funds for a consultancy to WLA on institutional strengthening. TAF also funded an internship program for members and staff of aimag branches and legal literacy seminars in six aimags which facilitated improvements in the organizational development, planning, and program implementation of the rural branches.

- The first NGO program aimed at monitoring of government performance was undertaken. The Liberal Women's Brain Pool established a network to monitor the GOM's implementation of the provisions of the U.N. Convention to Eliminate All Forms of Discrimination Against Women, to which Mongolia is a signatory. TAF's support contributed to the network's establishment and TAF is providing funding for the network coordinator and the administrative expenses associated with the network.

TAF has had a good track record in assisting urban based NGOs, it does not have the in-country administrative structure to have a significant impact on developing rural NGOs. Many knowledgeable Mongolia observers, including the SOROS Foundation, the UNDP and local NGOs, feel this is an essential development if civil society is to grow. Therefore, the Mission, in consultation with Washington, has made the decision to end our current relationship with TAF at the end of FY98, and focus exclusively on the development of the rural sector under the proposed Rural Civil Society Program. TAF will be eligible to bid on the proposed program.

**International Republican Institute.** IRI is providing training and technical assistance to members of parliament (MPs) and major political parties. IRI's efforts are focused on establishing democratic representative processes throughout Mongolia, particularly in the countryside. Funds are also being used to improve the organizational viability of political parties, focusing on aimag and soum level party apparatus. By the end of the grant period IRI will have 1) helped the majority and minority caucuses professionalize their operations in the Parliament; 2) helped members of Parliament (MPs) to improve communications with their district constituencies through the opening of district offices and the establishment of efficient office operating procedures; and 3) provided technical assistance to all three major parties aimed at making them more sustainable political organizations.

In May IRI began work on a constituents relations program with a three day seminar in Ulaanbaatar for all new appointed district representatives of MPs. Following the seminar IRI began a series of site visits to each of the district offices to provide consultative support for opening and conducting initial activities. The site visits continued throughout the year. By the end of the year IRI staff had visited 51 district offices and conducted training sessions on constituent outreach in each of the offices visited.

IRI sent a U.S. political party organization consultant to Mongolia to conduct six weeks of political party development training. A second U.S. consultant, an expert in congressional procedures and district office operations, provided several weeks of training to committee chairs and majority/minority leaders on organizational matters and drafting a legislative agenda.

IRI also sent a communications expert to Mongolia for five weeks to provide communications and public relations training. In addition, the consultant helped establish three press offices, including one in the Office of the Prime Minister and help train newly hired staff.

The following summarizes IRI's major achievements in its work with the legislative and executives branches as well as Mongolia's major political parties during the year:

- Political Parties. IRI is working with both the Democratic Union Coalition and the Mongolian Peoples Revolutionary Party (MPRP) to create bottom-up party organizations. Satisfactory progress is being made by the two constituent parties of the Coalition, the Mongolian National Democratic Party (MNDP) and the Mongolian Social Democratic Party (MSDP). The two parties have created a joint coordinating council to coordinate all party activities and facilitate communications between the parties. The council is being replicated in every aimag. The two parties are also in the process of developing their reelection plans now. IRI will soon be working with the two parties to reconcile the two plans in the coming months.

In what has traditionally been the most difficult area of reforming former communist parties, the MPRP, which governed Mongolia from 1922 to 1996 has begun to work with local party leaders to change the relationship between national and local offices of the party. Traditionally local MPRP organizations have always waited for instructions from Ulaanbaatar. IRI turned this tradition on its head and focused on identifying those issues that the local party could address and that the national party missed in the past. Specifically local party leaders were asked to discuss the idea of local party autonomy and the development of local party platforms based on addressing local concerns. The party's response has been promising. Many party leaders had never considered autonomy before. Through IRI training sessions they gained an appreciation that in other democracies around the world local parties have the responsibility to develop the party and conduct activities on their own without national party directives. It appears that the concept has been accepted and that many aimag leaders are now developing local political initiatives.

- Legislative Branch. Of the 60 district representatives trained and 51 offices visited, all were engaged in follow-up activities based on IRI training. Specifically, the MP district representatives were conducting public outreach efforts in their constituencies. Efforts included town hall meetings, posted office hours, and meetings with local NGOs and other special interest groups. Additionally many district representatives have drafted and made available issues papers on matters that are likely to be of local importance. Lastly, the district representatives have begun to serve as representatives for citizen complaints about local government. In a few cases district representatives have been able to use their offices to solve local problems. MPs are now visiting their districts much more frequently than they have in the past. They now are conducting public meetings and holding open house in their district offices.

One the most impressive results from the past year was the reorganization of the majority caucus. Working with an IRI consultant, the majority caucus drafted a preliminary legislative agenda for the winter term of Parliament, wrote procedures for office activities, outlined procedures for disciplining members, developed job descriptions for each staff member. As a result, the majority is finally ready to set up procedures that allow for consistent legislative support of economic and political reforms. IRI plans to place a consultant in-country to continue to work with the majority caucus staff to ensure progress continues.

In addition IRI was able to convince the majority leader and chief of staff of the caucus to redefine the staff requirements of the office. Previously the caucus had employed 17 people whose jobs ranged from organizing caucus meetings to answering phones. Caucus staff had little direction or motivation, resulting in high absenteeism. IRI worked with the majority chief of staff to define the tasks needed for a successful caucus office, assigned each task to a position, eliminated the positions deemed unnecessary and combined the salaries of the eliminated positions in order to hire competent individuals who commanded higher wages. Through this redefinition of job descriptions the majority leader and his chief of staff are now able to manage the caucus more efficiently, support MPs and shepherd legislation more effectively.

- Executive Branch. Since IRI only began working in the government communications field in the fall it is not yet possible to report any marked improvement of the government to communicate specific messages to the public. Nonetheless, as a result of the IRI training each of the ministries receiving assistance now has a broader understanding of importance of public outreach and communicating policies to voters. This represents a marked change from the previous situation where there was a great deal of apathy and sometimes contempt towards the media.

One of the major hindrances faced by the government in getting its reform message out to the public was the complete lack of any press staff or press offices. In the few ministries that did have a press officer, few attempts were made to develop a relationship between the press staff and the media. In the ministries where IRI worked, it assisted in the hiring of press staff and establishing a mechanism through which the press staff could develop a constructive relationship with members of the media. In addition, the press staff were able to develop a better understanding of their position, as well as the requirements of their job and the role the media plays in a democracy. As a result, members of the press staff are now engaging the media are assuming a more active role in publicizing government policies and initiatives.

Performance indicators have been developed for the IRI activity and will be reported upon in next year's R4 document.. The IRI indicators are a series of more than two dozen yes/no questions that have been aggregated into three indexes: one measuring the effectiveness of individual MPs, a second measuring the effectiveness of Parliament as an institution and the third measuring the effectiveness of the major political parties.

**International Development Law Institute.** The IDLI program was initiated in mid-October 1997 with the arrival of the resident consultant, Mr. Maitree Sriarun, Judge of the Supreme Court of Thailand. The project has a duration of two years and has three main components. Phase I is devoted to the drafting of "bench books" by a Working Group of six Mongolian specialists, assisted by the resident consultant and other foreign experts. The bench books will serve as reference materials and self-training guides for Mongolian judges and others involved in the Mongolian court system. By the end of the initial phase, scheduled for March 31, 1998, a manuscript in the Mongolian language should be ready for publication in loose-leaf format. Phase II will consist of a study tour which will take members of the Working Group to Thailand,

the Philippines and Japan where the group will see actual use of the books by fellow judges in these three countries. Furthermore, the members will participate in training of trainer seminars in the Philippines to prepare them to participate as instructors in the training scheduled for the third phase. Phase III of the project, from May 1998 to August 1999 will consist of a series of approximately nine training workshops organized in the main cities of Mongolia and selected aimag centers to present and train all Mongolian judges, as well as other representatives of society in the use of the bench books.

Project activities are on track. Drafting of the bench books is proceeding and should be completed by the end of March. To help insure that the bench books are relevant to the intended audience the project has created, with the encouragement of the Minister of Justice, a Judicial Advisory Committee, composed of senior judges, a senior prosecutor and a senior advocate to offer critical comments on the draft manual to make it more relevant to judges needs.

Performance indicators are under development for the IDLI activity and will be reported upon in next year's R4 document. The IDLI indicators are a series of scaled questions that will be aggregated into three indexes: one will measure of accomplishment of the basic task associated with the production of the bench books, a second will measure the extent that the bench books actually address the problems targeted by the activity, and a third will measure the impact of the bench books on the problems targeted by the activity.

## **II.B.2 EXPECTED PROGRESS THROUGH FY 2000**

The existing cooperative agreement with TAF will end in FY 1998. The Mission intends to launch its new Rural Civil Society Program (RCSP). The RCSP will support the achievement of IR 1 and IR 3. Specific goals of the RCSP include: 1) increasing the capacity of the local civil society to identify and meet community priorities rapidly and successfully; 2) bringing together NGOs, the public and the private sectors to begin to address shared needs in a systematic fashion and as partners; and 3) developing alliances between local communities and politically sophisticated national civil society groups to defend local interests and to act as a conduit for policy decisions at the local and national levels. Specific program targets will be developed by the implementing partner(s) selected. We anticipate that the program will begin initial implementation in three aimags, and spread to an additional three aimags during the four year implementation period. Implementation is expected to begin in early FY 1999. Because of the importance of agriculture to rural areas, RCSP includes a component which will address the weak private sector institutional base for promoting grassroots development. The Mission intends to implement a Farmer to Farmer program to develop this institutional base to foster agricultural as well as the growth of civil society.

The Mission intends to conduct a survey of IRI customers in April. Assuming the results of this survey are positive we expect to continue funding IRI through FY 2000. By that time IRI will have: 1) helped MPs to establish effective representation at the national level for their constituents; 2) improved the ability of parliamentary committees to substantively review and process, and ultimately draft coherent legislation (suggested laws are anti-corruption, the

commercial code, freedom of information, and a final electoral law); and 3) enhanced the capacity of Mongolia's political parties to develop and deliver a political message, based upon consultation from their grassroots activists; and 4) made a significant contribution to the expected free, fair and democratic parliamentary election in 2000 by raising the level of political discourse during the campaign.

At the end of the IDLI program in FY 99, we expect there will be demonstrable improvements in the transparency, accuracy, predictability and consistency in rulings by the Mongolian judiciary. Besides being an important set of achievements in their own right, we expect that the results will encourage and facilitate other dependent developments such as the growth of civil society and the private sector, thus contributing to the achievement of the democracy and governance strategic objective both directly and indirectly.

## **II.C Special Objective 1 - Support Provided to the Mongolia Power Production System**

USAID assistance, to preserve Mongolia's energy production infrastructure, began in 1992. Mongolia's power system produces both electrical power and heat for almost half the population. From the program's beginning in 1992 through 1997 USAID provided approximately \$45.3 million for energy sector activities. These efforts have been designed to: 1) identify, procure and help install critical spare parts, such as coal conveyor belts, truck tires, and boiler components, for the power plants and supporting coal mines that service the major urban settlements of Mongolia, and 2) provide the technical assistance to train Mongolians to begin the planning and analysis to ensure adequate future energy production, distribution and conservation.

The most recent program has provided emergency support focused on maintaining the Mongolian energy supply system over the 1997/98 winter through procurement of equipment and materials for the Sharyn Gol and Baga Nuur coal mines, and Power Plants #2, #3 and #4 in Ulaanbaatar. In addition, eight diesel generator sets have been purchased to generate electricity in five aimag centers. Two sets each have been placed in Bayanhongor, Govi-Altay and Hovsgol aimags, while one each are in Omnogovi and Zavhan aimags. These diesel generator sets are 40% more efficient than the Soviet and Czech sets that they replace. Besides the generator sets, equipment purchased includes coal mine haul trucks, truck spare parts, boiler tubes, electrodes, wire rope, excavator spare parts, small tools, ball mill spare parts and drill bits.

USAID has also entered into an inter-agency agreement with the National Renewable Energy Laboratory of the U.S. Department of Energy to: 1) develop a wind resource atlas that depicts the estimated distribution of wind resources in Mongolia; and 2) establish a wind measurement program to help verify some of the wind resource estimates and identify prospective sites for commercially viable and replicable wind energy projects. The principle GOM counterparts are the Renewable Energy Corporation and the Institute of Meteorology and Hydrology. The purpose of this activity is to accelerate the use of wind energy technology in Mongolia. USAID contributed \$200,000 for the activity and the Department of Energy contributed \$50,000.

## II.C.1 PERFORMANCE ANALYSIS

The most significant achievement of the USAID support has been keeping the Mongolian electricity, steam heat, and hot water system up and running without any major long-term interruptions. This has provided time for other donors principally the Asia Development Bank and the Japanese to initiate the rehabilitation of power plants 3 and 4 respectively, the most important parts of the Ulaanbaatar power system. Rehabilitation of the two plants is currently underway and will be completed by next heating system. In addition, the Germans have completed rehabilitation of the Darhan Power Plant and plan to fund the partial rehabilitation of the Choibalsan plant. The World Bank and Japanese are now major investors in the Baga Nuur coal mine, the principle mine providing coal to the Ulaanbaatar system. Conditions in the energy sector have stabilized and the system is providing acceptable level of energy production. Improvements in the performance of the power plants include fewer power outages, more heat for homes and offices, as well as more frequent availability of hot water.

In addition to investment in the sector, energy price increases, brought about through the assistance of the Economic Policy Support Project are contributing to the operating viability of the system. For the most part the population of Ulaanbaatar is able and willing to pay for more reliable energy service. These developments, which have been previously documented and sent to Washington for review, have convinced the Mission to recommend that the emergency spare parts program be ended in April, 1998, when the last of the commodities purchased will be delivered.

Other results attributable to the USAID Energy Program include the following:

*Diesel Generator Sets.* Eight diesel generator sets were installed in five provincial aimag centers. All sets are operational and are performing well, providing uninterrupted electrical service. These diesel generator sets are 40% more efficient than the Soviet and Czech sets they replace. This will provide the operating entities with the opportunity to reduce their operating costs and thus begin to create a better economic base from which to operate.

*The Sharyn Gol Mine:* In a normal year The Sharyn Gol Mine provides approximately half of the coal used by Power Plant #3. Because of flooding problems at the Baga Nuur mine the GOM has requested Sharyn Gol to increase its production by 10 percent this heating season. Four 40 ton Caterpillar haul trucks, maintenance equipment and spare parts provided under the SpO1 have permitted the mine to meet these new requirements.

Performance indicators associated with this SpO document the major accomplishment of the initiative: it has kept the Mongolian electricity, steam heat, and hot water system up and running without any major long-term interruptions. USAID has concentrated the bulk of its assistance to Power Plant #3 and the mines that supply it. Actual power production figures at Power Plant #3 have been within 3% of planned figures for 1992-97, except for 1996 when actual production fell 7.1% behind planned. Over the period total annual production rose from 449.2 million kilowatt hours to 655.5 million hours.

The new NREL activity is on track. A Memorandum of Understanding has been agreed to between NREL, and the Mongolian partners ---- the Mongolian Renewable Energy Corporation (REC) and the Mongolian Institute of Meteorology and Hydrology (IMH). REC will primarily be responsible for activities supporting the wind measurement component and IMH will be primarily responsible for activities supporting the wind mapping component.

NREL has completed a project implementation plan that incorporates the participation and responsibilities of REC and IMH and provides a schedule for project activities and deliverables. Two tasks are envisioned under the plan: 1) wind mapping and publication of a wind atlas, and 2) wind measurement. Under Task 1 the plan calls for completion of the data analysis by December 1998 and publication of the wind atlas by October 1999. Under Task 2, the plan calls for wind measurement equipment installations to be completed by September 1998 and for a final wind measurement report to be completed by September 2000.

## **II.C.2 EXPECTED PROGRESS THROUGH FY 2000**

USAID expects to end its emergency energy assistance activities with the delivery of equipment currently under order in April 1998. However, we recommend continuation of this SpO through FY 2000. Given the availability of funding, we recommend that up to 20 additional gen/sets be purchased over the next two years for the five aimags now being supported. This will allow for the complete replacement of the old unreliable and extremely expensive to operate Czech and Russian units, as well as guarantee a source of stable electricity supply to support the economic needs of the aimag centers. The replacement of the old gen/sets will also have a significant impact on the finances of the Mongolian Energy Authority and local energy organizations. The NREL activity will continue through FY2000. Any additional assistance in the energy field will be in the policy area and will be implemented under the Economic Policy Support Project.

## **II.D ENVIRONMENTAL COMPLIANCE**

The Mission thus has no outstanding environmental issues. A negative threshold decision has been approved for the Mongolia Energy Project. This decision was made after an environmental impact professional conducted a field review of USAID energy sector procurements, reviewed the regulatory appropriateness of the negative decision and prepared guidelines establishing what levels of new regulatory impact assessment would be required to approve future energy sector assistance to Mongolia.

In addition, the Mission has received categorical exclusions for the two Strategic Objectives. The exclusions were granted because the activities undertaken in support of these SOs do not have an effect on the natural or physical environment.



# USAID/MONGOLIA PERFORMANCE MONITORING TABLES:

## Economic Growth Performance Monitoring Table

<b>STRATEGIC OBJECTIVE 1:</b> Policy and institutional framework conducive to rapid private-sector expansion created. <b>APPROVED:</b> 21 April, 1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mongolia			
<b>RESULT NAME:</b> Improved formulation and implementation of macroeconomic and sectoral policies.			
<b>INDICATOR:</b> Consumer price inflation			
<b>UNIT OF MEASURE:</b> Percent change in consumer price index from previous year  <b>SOURCE:</b> GOM statistical reports  <b>INDICATOR DESCRIPTION:</b> CPI  <b>COMMENTS:</b> Declining inflation remains the best measure of the success of the GOM's efforts to achieve macroeconomic stabilization, which is a fundamental precondition for establishing a healthy climate for private sector growth.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1994	NA	66.3%
	1995	NA	53.1%
	1996	NA	58.7%
	1997	33%	20.7%
	1998	20%	

Economic Growth SO, Indicator 1.

## Democracy and Governance Performance Monitoring Table

<b>OBJECTIVE:</b> A broad, open and sustainable public debate on aspects of the new and evolving social contract <b>APPROVED:</b> November, 1993 (Revised November, 1996) <b>COUNTRY/ORGANIZATION:</b> USAID/Mongolia			
<b>RESULT NAME:</b> Increase in membership among USAID-assisted citizen initiated NGOs.			
<b>INDICATOR:</b> Measure of penetration of NGOs in Mongolian society.			
<b>UNIT OF MEASURE:</b> Number of members.  <hr/> <b>SOURCE:</b> The Asia Foundation's R4 Report for Mongolia/1997.  <hr/> <b>INDICATOR DESCRIPTION:</b> Change in membership among USAID-assisted citizen initiated NGOs the beginning of the cooperative agreement (July 1, 1996), and at the end of the agreement (September 30, 1998). The target is a 15% increase in membership over the period.  <hr/> <b>COMMENTS:</b> TAF collected baseline statistics for a core set of five NGOs at the onset of the cooperative agreement. The core set includes the Liberal Women's Brain Pool, the Press Institute of Mongolia, Women for Social Progress, the Women's Lawyers' Association and the Women's Information and Research Center. The statistics above are based on data from these five organizations.  One organization alone, the Liberal Women's Brain Pool, accounted for 5,000 members on both July 31, 1996 and December 31, 1997. Thus, its membership remained unchanged over the period. In contrast, the membership of the other organizations increased by 231%.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	July 31, 1996	-	5,494
	Dec. 31, 1997	-	6,143
	Sept. 30, 1998	6,318	

Democracy and Governance SO IR 1, Indicator 1.

## Democracy and Governance Performance Monitoring Table

<b>OBJECTIVE:</b> A broad, open and sustainable public debate on aspects of the new and evolving social contract <b>APPROVED:</b> November, 1993 (Revised November, 1996) <b>COUNTRY/ORGANIZATION:</b> USAID/Mongolia			
<b>RESULT NAME:</b> Publication of the judicial bench book and distribution to the entire universe of Mongolian judges, prosecutors and advocates in Mongolia.			
<b>INDICATOR:</b> Measure of accomplishment of the basic activity task.			
<b>UNIT OF MEASURE:</b> Percentage of universe of Mongolian judges, prosecutors and advocates receiving the bench books.  <hr/> <b>SOURCE:</b> Mongolian Ministry of Justice and Mongolian Judiciary Technical Assistance Project.  <hr/> <b>INDICATOR DESCRIPTION:</b> The name and addresses of all judges, prosecutors and advocates in Mongolia are maintained by the Ministry of Justice. The project will distribute the bench books to all judges and prosecutors on the MoJ list and as many advocates as is possible. (Per the discussion in the narrative, all of the judges and prosecutors will receive training in the use of the bench books as well.)  <hr/> <b>COMMENTS:</b> The goal will be to reach 100% of the judges and prosecutors by December 31, 1998 and 75% of all public advocates. By the end of the project it is hoped that in excess of 90% of all advocates will receive the bench book by December 31, 1999.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	Dec, 31, 1997	0%	0%
	Dec. 31, 1998	90%	-
	Dec. 31, 1999	95%	-

Democracy and Governance SO IR 2, Indicator 1.

## Democracy and Governance Performance Monitoring Table

<b>OBJECTIVE:</b> A broad, open and sustainable public debate on aspects of the new and evolving social contract <b>APPROVED:</b> November, 1993 (Revised November, 1996) <b>COUNTRY/ORGANIZATION:</b> USAID/Mongolia			
<b>RESULT NAME:</b> Members of parliament will provide effective representation at the national level for their constituents.			
<b>INDICATOR:</b> Measure of MP effectiveness.			
<b>UNIT OF MEASURE:</b> Composite score on a 0 to 9 scale. A score of 0 will represent complete failure to achieve the desired result. A score of 9 will represent complete success in achieving the result.  <b>SOURCE:</b> CEPPS/IRI - Mongolia Program and Results Report.  <b>INDICATOR DESCRIPTION:</b> The indicator consists of a series of yes/no statements related to the achievement of the result. Three of the yes/no statements are related to the following subresult: <i>Members of parliament will maintain consistent two-way communication between their constituents and district office and their national office in Ulaanbaatar.</i> Three statements are related to the following subresult: <i>Members will develop a positive, constructive relationship with the media.</i> And finally, three statements are related to the following subresult: <i>Members, their national staff, and their district staff will address and, when possible, solve specific constituent problems with the government bureaucracy.</i>  <b>COMMENTS:</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	Dec, 31, 1997	-	0
	Dec. 31, 1998	7	-

Democracy and Governance SO IR 3, Indicator 1.

## Energy SpO Performance Monitoring Table

<b>OBJECTIVE:</b> Support provided to the Mongolia power production system. <b>APPROVED:</b> November, 1993 <b>COUNTRY/ORGANIZATION:</b> USAID/Mongolia			
<b>RESULT NAME:</b> Actual versus planned electrical power production at Power Plant #3.			
<b>INDICATOR:</b> Common measure of power plant performance.			
<b>UNIT OF MEASURE:</b> Millions of kilowatt hours.  <hr/> <b>SOURCE:</b> Unpublished data from the Mongolia Energy Authority.  <hr/> <b>INDICATOR DESCRIPTION:</b> Actual number of kilowatt hours of electrical power production and the planned number of kilowatt hours of electrical power production for the power production unit at Power Plant #3.  <hr/> <b>COMMENTS:</b> Power Plants #3 and #4 are responsible for more than two-thirds of the power produced in Mongolia.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1992	449.2	461.7
	1994	502.0	505.9
	1995	498.7	487.5
	1996	343.0	318.6
	1997	655.5	653.4

Energy SpO, Indicator 1.

## **PART III: STATUS OF THE MANAGEMENT CONTRACT**

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From the departure of the previous USAID Representative in September, 1996 to the arrival of the new USAID Representative in June, 1997, program responsibilities rested with USAID/Philippines, with the assistance of a "virtual team" in USAID/Washington.

Current USAID staffing includes one USDH, USAID Representative, 2 program funded FSNs, an OE funded FSN administrative assistant, and OE funded driver, and approximately 2/3 of the time of a program funded PSC located in Manila.

Manila continues to provide support services to the Mongolia program. These services include financial management services, contracting services, some executive office services and legal advice. In addition, Manila has provided some technical backstopping for Mongolia's energy SpO and democracy SO. Furthermore, the Mission continues to benefit from support from its "virtual team" in Washington, particularly in the areas of economic reform, democracy, energy and program backstopping. The existing support arrangement is working and the Mission recommends that it be continued for the foreseeable future.

Since the time of the arrival of the new USAID Representative, the program has been consolidated and focused. We intend to end our emergency energy program, thus ending the management burden of a major contract. Assistance to TAF will end, to be replaced by the Rural Civil Society Program. Training activities will be cut back and be more focused. In addition, the Mission intends to enter into a long-term agreement with the International Republican Institute, thus ending annual proposal preparation by IRI and review by USAID.

USAID intends to place greater emphasis on economic reform, privatization and the development of the private sector. To adequately assist in monitoring these activities, as well as to develop possible new initiatives the Mission intends to hire a program funded PSC economist, beginning in mid-1998 for an initial two year period. The Mission would also like to leave open the option of hiring additional program funded support to assist in monitoring our evolving democracy program. This support will be either for an additional FSN or a locally-hired USPSC.

We do not foresee the need for an additional USDH position. In addition, the Mission prefers the flexibility that program funded contractor support provides. Continued USDH presence in Mongolia, along with the modifications in staffing described, together with continued support from Manila and Washington in the areas depicted above will be sufficient to manage and monitor the USAID/Mongolia program through the R-4 planning period.

### **III.A The New Mission Strategy**

The current USAID strategy for Mongolia expires at the end of FY 98. Irregardless of this date, there is a need to update the USAID/Mongolia framework, in the light of developments in the areas of democratic and economic reform and the apparent interest of the Congress in having a long-term development assistance program in Mongolia. We are aware that the guidance recommending that strategic changes be discussed outside the R-4 process. However, given the importance of a new strategy to all aspects of the Mongolia program we have included a brief discussion on the issues as we see them. While we do not expect to discuss these issues as part of the R-4 review, time should be scheduled on strategy development while the USAID Representative is in Washington as part of the R-4 review.

Given the availability of Washington staff and resources, the Mission recommends that May-June, 1998 be devoted to the development of the new strategy. USAID highly recommends that the strategy be developed to the maximum extent with Washington's participation. This will allow Washington staff an opportunity to understand the Mongolian situation first hand and for the development of a collaborative strategy. If this schedule can be adhered to USAID would like to submit the strategy to Washington in August, 1998.

A key issue for the strategy will be how to foster broad-based, private sector led growth. The Mission feels the best way to do this is to assist the Mongolians in developing and implementing their own private sector development strategy. This will not be just an analytical document, but will include the development of a process whereby all relevant elements, government, the private sector, foreign investors, donors, NGOs are part, and all contribute something to the decision, as well as the delivery process. We have had preliminary discussions on this matter with the Prime Minister and he supports the concept.

We intend to start the process this summer, utilizing Economic Policy Support Project resources and plan to have the strategy completed and agreed to by the relevant parties by December, 1998. After the strategy is completed and becomes part of the strategic focus of Mongolia, USAID can provide resources to implement the strategy given the Agencies comparative advantage and the availability of funding. Areas of support will be part of next years R-4 process.

A second issue will be our involvement in rural Mongolia and the implications for private sector-led growth and democracy. The Mission has already proposed the Rural Civil Society Program, as well as initial assistance in developing rural agricultural institutions. Are these proposed areas sufficient, or are there additional interventions that USAID should consider in its strategy, such as, rural infrastructure, livestock development, and enterprise development.

A third issue is to develop the appropriate synergies between the Mission's democracy and economic growth strategic objectives. Economic growth has implications for the development of the democratic process in Mongolia. By reducing poverty, promoting employment and creating private sector wealth broad-based vested interests are created supportive of the democratic process. Sustained growth, the development of a significant middle class and a

literate population are usually considered as fundamental for the development of working democracies and the Mission feels this is a long-term objective worthy of USAID consideration and resources. USAID feels that ways of measuring the impact of growth on the democratic process should be part of our monitoring system under the new strategy, and we request assistance from Washington on how best to do this..

A fourth issue is USAID involvement in the environment. As a result of congressional interests, USAID intends to undertake an environmental baseline study in May to determine what impact environmental issues will have on long-term development in Mongolia. Recommendations from this study will be included in the strategy document.

The strategy will resolve these and other issues, which hopefully can be discussed in conjunction with this R-4 review. A key issue will be funding. Given the annual allocation of ESF funding it is difficult to make long-term plans. However, we feel that with a well articulated strategy and strategic framework, USAID will be in a better position to justify its funding requirements to the Bureau, Department of State and to the Congress. Nonetheless, we propose to submit high, medium and low estimates for our budget requirements for the strategy period, so all parties involved in budgetary allocations will understand the implications of budget levels to the achievement of USAID's strategic objectives for Mongolia. USAID's recommendations for a medium program for the R-4 planning period are: FY99 \$12.0 million and FY00 \$12.0 million. This level of funding is consistent with FY98 funding, will allow a modest increase in program activities starting in FY99, appears to be in the "spirit" of addressing the Congress's long-term intentions for Mongolia, and can be managed with the current resources recommended for the Mission.

### **III.B Performance Monitoring**

As has been indicated throughout this document, the USAID/Mongolia program is undergoing a number of changes designed to address Mongolia's changing development needs. As part of these changes the Mission intends to terminate two of its management units during FY 1998: Accordingly next year's R4 is likely to be the last year for which performance monitoring tables will be presented for these activities.

Given that the EPSP will be extended new performance monitoring tables are provided for the technical assistance component of SO1. Performance monitoring tables will be developed for the proposed privatization activity under SEGIR. Performance Monitoring tables are also included for existing IRI and IDLI activities under SO2. IRI will be required to develop new tables if we proceed with a multi-year program. Performance monitoring tables will be developed by the organization selected to implement the RCSP. We also intend to provide new tables for SpO1 to measure the impact on rural electrification, as well as the proposed SpO2. These documents are being finalized in Manila and will be submitted to Washington in March.



## PART IV: RESOURCE REQUEST

Beginning in FY 1998, the Mission intends to focus its development assistance activities more tightly on promoting private sector led growth and democracy, (including rural civil society building) in Mongolia. In doing so, it will end its efforts to provide emergency assistance to the energy sector, but continue its efforts in rural electrification. The Mission also recommends the initiation of a rural institution development program under the BHR/PVC Farmer to Farmer Program. The Mission will begin the implementation of a new four year strategy beginning in FY 1999. For illustrative purposes we will discuss only the approved strategic focus of the Mongolia program, with the understanding that our strategic framework may be modified as a result of the new strategy.

### IV.A Financial Plan

In the new strategy, the Mission will present high medium and low budget estimates for the planning period. We are presenting our medium estimates for what we are currently thinking will be our program through the current planning period. Actual figures of course will depend upon annual ESF allocations.:

#### USAID/Mongolia OYB Assumptions (Millions of Dollars)

	Econ Growth SO1	Democracy SO2	Energy SpO1	Total
FY 1998:	5.6	3.6	2.8	12.0
FY 1999:	6.0	3.2	2.8	12.0
FY 2000:	7.5	4.5		12.0

*Strategic Objective 1:* Beginning in FY 1998, the Economic Policy Support Project will expand to include the provision of long-term support in the areas of energy policy, pension reform, privatization, budget formulation and analysis, privatization assistance, and private sector strategy development and implementation. All these activities are programmed to end by the end of FY 2000.

In FY 1999 USAID expects to begin implementation of sectoral work in private sector development. The areas of focus should be identified as part of the private sector development strategy for Mongolia. An illustrative example of possible areas of involvement based on known need are the development of capital markets, financial institution development, foreign investment promotion, small enterprise development and agricultural marketing. Final decisions on the areas of assistance will be determined by the possibility of achieving results and, of course, funding availability.

In FY 2000 serious implementation of our private sector development strategy will continue until the end of the new timeframe approved in our new strategy.

*Strategic Objective 2:* In FY 98 the current program with the Asia Foundation will end. An RFA for the Rural Civil Society Program (RCSP) will be issued and the competitive process will result in the selection of a suitable organization(s) under a cooperative agreement. This program will last through FY 2002. USAID will enter into a long-term agreement with the International Republican Institute (IRI) through FY 2000. The International Law Development Institute (IDLI) program will continue.

In FY 1999 the IDLI program will end. RCSP will begin implementation and IRI will begin its multi-year program. Additional areas of assistance may be identified as part of the strategy development and these programs will begin implementation.

In FY 2000 the program as described above will continue.

*Special Objective 1:* FY 1998 and 1999 activities under this SpO will be entirely focused on the purchase of up to 20 diesel generator sets for the five aimags, as well as the implementation of the NREL program.

In FY 2000, the delivery of all gen/sets will be completed and the NREL program will end.

## **IV.B Prioritization of Objectives and Threshold of Pain Analysis**

The Mission considers both SO1 and SO2 as mutually reinforcing we would not give one a higher priority than the other in the event of budget cuts in FY 1999 or FY 2000. In the events of modest cuts in FY99 we would start eliminating resources to SpO1 and with a 20% cut eliminate funding for the SpO. With a 50% cut we would fund our core EPSP economic growth and privatization program, as well as the core democracy program, including the Rural Civil Society Program and assistance to the International Republican Institute.

### Threshold of Pain Analysis (millions of Dollars)

	Econ Growth SO1	Democracy SO2	Energy SpO1	Total
<b>FY 1999 Planned:</b>				
10%cut	6.0	3.2	1.6	10.8
20%cut	6.2	3.4		9.6
50%cut	4.0	2.0		6.0
<b>FY 2000 Planned</b>				
10%cut	6.9	3.9		10.8
20%cut	6.3	3.3		9.6
50%cut	5.5	1.5		6.0

## IV.C Field Support Linkage

USAID/Mongolia has made use of Global Bureau field support in the past and has been highly satisfied with the results. The Mission is planning to continue its recently initiated buy-in to the Consortium for Elections and Political Process Strengthening Project (CEPPS) and the Democracy Sector Support Program to obtain the services of the International Republican Institute and the International Development Law Institute, respectively. In addition USAID expects to fund its privatization assistance under the Global Bureau's Support for Economic Growth and Institutional Reform contract (SEGIR).

## IV.D Workforce and OE

USAID/Mongolia has an authorized staff level of one USDH and four FSN PSCs. All these positions are currently filled. In addition the Mission expects to contract competitively for a program funded USPSC to assist in monitoring activities under SO1. In addition we intend to hire a local hire PSC to assist in monitoring activities under SO2.

A table showing FY 1998 staff allocations appears below.

### Staff Requirements (FY 1998-2000)

Staff	SO1 Econ Growth	SO2 Democracy	SpO1 Energy	Other Admin	Total
USDH	0.4	0.4	0.1	0.1	1.0
FSN - OE				2.0	2.0
FSN - Prog.	0.8	0.8	0.4		2.0
USPSC	1.0				1.0
LHPSC		1.0			1.0
TOTAL	2.2	2.2	0.5	2.1	7.0

USAID/Mongolia's FY 1998 OE request is \$391,200, up from the FY 1997 level of \$337,800 but down from \$421,600 in FY 1996. The FY 1996-1997 decline is the result of: cutting the USAID office space in half, giving up two of the three Mission apartments, and the loss of one FSN. The FY 1998 increase reflects the full operation of the Mission, along with needed upgrades to the Mission computer system. Almost 60% of the \$391,200 requested is attributable to the cost of office operations, particularly communications expenses and TDY support from Manila and Washington. These expenses are a product of the Mission's small size and relatively remote location. Other OE expenditures are relatively low. We believe the present and requested OE levels are adequate to achieve the objectives of the program.

### Operating Expense Requirements Summary (FY 1998)

OE/Trust Funded Levels by Major Function Code	FY 1997 TOTAL	FY 1998 TOTAL
U100 USDH	21,200	15,700
U200 FSN Direct Hire	0	0
U300 Contract Personnel	48,500	27,400
U400 Housing	22,400	26,500
U500 Office Operations	224,800	232,800
U600 NXP	20,900	88,000
Total Mission-Funded OE	337,800	391,200
Amount Trust Funded	0	0

## **Addendum: Progress Report on Results Achieved with UNICEF Grant**

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During her visit to Mongolia in 1995, first Lady Hillary Clinton made a \$1.0 million contribution to UNICEF activities in Mongolia. The purpose of the contribution was to help UNICEF reduce infant and child mortality and morbidity in Mongolia by increasing access and use of community and centrally-situated child survival services. This addendum briefly reviews the results UNICEF has achieved with these funds.

The funds were designated to three major health projects: 1) Expanded Program of Immunization (EPI); 2) Control of Acute Respiratory Infections (ARI); and 3) Control of Diarrheal Diseases (CDD). Respiratory infections and diarrheal diseases continue to occur frequently in Mongolia, accounting for two-thirds of the under five year old mortality. ARI, especially pneumonia, accounts for 55.6% of all deaths in infants and nearly half of the deaths in the 1-5 year old age group. Increasing regional urban-rural disparities, undefined health care service responsibilities at the local level, inadequate financial and program management capacity at the local level and poor transportation and communications systems all impede the effectiveness of the EPI, ARI and CDD programs.

Using the supplementary funds provided by USAID, UNICEF and the GOM are seeking to overcome program implementation constraints and are attempting to 1) strengthen program service delivery and quality control; 2) foster family empowerment and community initiative; and 3) build program management capacity. Specific program results are presented below. (Other donors, notably the Japanese, have also contributed to UNICEF's efforts. However, the discussion below is confined to results achieved with USAID funds.)

### **1997 Achievements of the Expanded Program of Immunization:**

- Guidelines on cold chain maintenance and logistics were revised and issued under an order by the Minister of Health in September 1997. Specialists from national hospitals, aimag center EPI units and soum center doctors and vaccinators from eleven aimags were trained in cold chain and EPI logistics in 1997.
- The vaccine preventable disease surveillance system was strengthened through training and workshops. Forty percent of all soums now have consistent reporting of weekly acute flaccid paralysis statistics and 100% of soums have a developed a regular monthly immunization reporting system.
- A national EPI training team was established and existing training facilities were strengthened through the provision of new equipment. All participating medical personnel at the national and aimag levels received training as did a portion of the personnel at the soum level.
- Forty percent of all medical personnel associated with the Expanded Program of Immunization have been provided manuals and reference books on the topic.

- Through a program of social mobilization seminars, aimag and soum governors' awareness and understanding of EPI activities was increased. In addition, these seminars led to tangible improvements in the acute flaccid paralysis surveillance reporting and may have helped increase the level of financial support provided to local programs.
- Public awareness of the importance of universal childhood immunization was increased. There was a marked increase in the number of parents seeking vaccinations for their children instead passively waiting for public calls for vaccinations.

#### 1997 Achievements of the Control of Acute Respiratory Infections and the Control of Diarrheal Diseases Programs:

- Local-level programs were developed and implemented in several aimags. As a result, the program management skills of aimag-level health professionals were strengthened.
- Sixteen national trainers attended a two-week, joint WHO/UNICEF "training of trainers" course. Training methodologies were revised and new manuals were prepared.
- A new newsletter entitled "Child Health" was developed and issued as a reference for medical personnel.
- Acute respiratory infection and diarrheal training unit facilities were strengthened through the purchase of equipment and teaching aids.
- Two hundred forty family practitioners and pediatricians received ARI/CDD case management training, (120 were also trained in 1996).
- Sixteen professors and teachers from medical teaching institutions received training in ARI/CDD case management.
- As a result of ARI/CDD training activities health care providers have become more accustomed and skilled in providing counseling to mothers.
- Through the provision of oxygen concentrators and training seminars oxygen therapy capacity has been strengthened at the national and aimag levels as well as in 40 heavily populated or remote soum hospitals.
- Awareness of the major killers of children was increased through a public education campaign involving local governors, scouts, children's organizations, women's NGOs, schools and educators.
- As a result of wide introduction of, and growing demand for, oral rehydration therapy and oral rehydration salts (provided in part through USAID funds), child mortality due to diarrhoeal complications has declined.

Approximately \$200,000 of the \$1,000,000 remains unspent. We will report on the disposition of these funds (which should be completed by June 1998) in next year's R4 document.

Operating Expense

USAID/Mongolia				Overseas Mission Budgets												
Org. No:	23438	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

USAID/Mongolia				Overseas Mission Budgets												
Org. No:	23438	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Operating Expense

USAID/Mongolia		Overseas Mission Budgets															
Org. No:	23438	OC	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH				0			0			0			0			0
	Subtotal OC 11.1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH				0			0			0			0			0
	Subtotal OC 11.3		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH				0			0			0			0			0
11.5	FNDH				0			0			0			0			0
	Subtotal OC 11.5		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries				0			0			0			0			0
11.8	FN PSC Salaries		20.4		20.4	35		35	35		35	40.3		40.3	40.3		40.3
11.8	IPA/Details-In/PASAs/RSSAs Salaries				0			0			0			0			0
	Subtotal OC 11.8		20.4	0	20.4	35	0	35	35	0	35	40.3	0	40.3	40.3	0	40.3
12.1	Personnel benefits		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances				0	12		12	12		12	13.8		13.8	13.8		13.8
12.1	Cost of Living Allowances				0			0			0			0			0
12.1	Home Service Transfer Allowances				0			0			0			0			0
12.1	Quarters Allowances				0	4.3		4.3	4.3		4.3			0			0
12.1	Other Misc. USDH Benefits		9		9	7.2		7.2	7.2		7.2	11.7		11.7	11.7		11.7
12.1	FNDH Benefits		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH				0			0			0			0			0
12.1	Other FNDH Benefits				0			0			0			0			0
12.1	US PSC Benefits				0			0			0			0			0
12.1	FN PSC Benefits		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC				0			0			0			0			0
12.1	Other FN PSC Benefits		2		2	2.2		2.2	2.2		2.2	2.5		2.5	2.5		2.5
12.1	IPA/Detail-In/PASA/RSSA Benefits				0			0			0			0			0
	Subtotal OC 12.1		11	0	11	25.7	0	25.7	25.7	0	25.7	28	0	28	28	0	28
13	Benefits for former personnel		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH				0			0			0			0			0
13	Other Benefits for Former Personnel - FNDH				0			0			0			0			0
13	FN PSCs		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs				0			0			0			0			0
13	Other Benefits for Former Personnel - FN PSCs				0			0			0			0			0



Operating Expense

USAID/Mongolia		Overseas Mission Budgets														
Org. No:	23438	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	9		9	10		10	10		10	11.5		11.5	11.5		11.5
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field			0	6.6		6.6	6.6		6.6			0			0
21	Assignment to Washington Travel			0			0			0			0			0
21	Home Leave Travel	3		3			0			0	6.6		6.6	6.6		6.6
21	R & R Travel	3.7		3.7			0			0	6.6		6.6	6.6		6.6
21	Education Travel			0			0			0			0			0
21	Evacuation Travel			0			0			0			0			0
21	Retirement Travel			0			0			0			0			0
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel			0			0			0			0			0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	48.5		48.5	55		55	55		55	63.3		63.3	63.3		63.3
21	Site Visits - Mission Personnel	48.7		48.7	40		40	40		40	46		46	46		46
21	Conferences/Seminars/Meetings/Retreats	10		10	7		7	7		7	8.1		8.1	8.1		8.1
21	Assessment Travel			0	2.7		2.7	2.7		2.7	3.1		3.1	3.1		3.1
21	Impact Evaluation Travel			0			0			0			0			0
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel			0			0			0			0			0
	Subtotal OC 21.0	122.9	0	122.9	121.3	0	121.3	121.3	0	121.3	145.2	0	145.2	145.2	0	145.2
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight			0	22		22	22		22			0			0
22	Home Leave Freight			0			0			0	1.2		1.2	1.2		1.2
22	Retirement Freight			0			0			0			0			0
22	Transportation/Freight for Office Furniture/Equip.			0	0.3		0.3	0.3		0.3	0.8		0.8	0.8		0.8
22	Transportation/Freight for Res. Furniture/Equip.			0	0.8		0.8	0.8		0.8			0			0
	Subtotal OC 22.0	0	0	0	23.1	0	23.1	23.1	0	23.1	2	0	2	2	0	2
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	10		10	11		11	11		11	12.7		12.7	12.7		12.7
23.2	Rental Payments to Others - Warehouse Space			0			0			0			0			0
23.2	Rental Payments to Others - Residences	10.5		10.5	12		12	12		12	13.8		13.8	13.8		13.8
	Subtotal OC 23.2	20.5	0	20.5	23	0	23	23	0	23	26.5	0	26.5	26.5	0	26.5
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	5		5	6		6	6		6	6.9		6.9	6.9		6.9
23.3	Residential Utilities	5		5	6		6	6		6	6.9		6.9	6.9		6.9
23.3	Telephone Costs	53.7		53.7	60		60	60		60	69		69	69		69
23.3	ADP Software Leases			0			0			0			0			0

Operating Expense

USAID/Mongolia		Overseas Mission Budgets														
Org. No:	23438	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)	0.6		0.6	0.7		0.7	0.7		0.7	0.8		0.8	0.8		0.8
23.3	Other Mail Service Costs			0			0			0			0			0
23.3	Courier Services	0.7		0.7	0.8		0.8	0.8		0.8	0.9		0.9	0.9		0.9
	Subtotal OC 23.3	65	0	65	73.5	0	73.5	73.5	0	73.5	84.5	0	84.5	84.5	0	84.5
24	Printing and Reproduction	0.6		0.6	0.7		0.7	0.7		0.7	0.8		0.8	0.8		0.8
	Subtotal OC 24.0	0.6	0	0.6	0.7	0	0.7	0.7	0	0.7	0.8	0	0.8	0.8	0	0.8
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services			0			0			0			0			0
25.1	Engineering & Technical Services			0			0			0			0			0
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards			0			0			0			0			0
25.2	Residential Security Guard Services			0			0			0			0			0
25.2	Official Residential Expenses			0			0			0			0			0
25.2	Representation Allowances	1		1	1.1		1.1	1.1		1.1	1.2		1.2	1.2		1.2
25.2	Non-Federal Audits			0			0			0			0			0
25.2	Grievances/Investigations			0			0			0			0			0
25.2	Insurance and Vehicle Registration Fees			0			0			0			0			0
25.2	Vehicle Rental			0			0			0			0			0
25.2	Manpower Contracts	5		5	5.5		5.5	5.5		5.5	6.3		6.3	6.3		6.3
25.2	Records Declassification & Other Records Services			0			0			0			0			0
25.2	Recruiting activities			0			0			0			0			0
25.2	Penalty Interest Payments			0			0			0			0			0
25.2	Other Miscellaneous Services	11		11	12.1		12.1	12.1		12.1	13.9		13.9	13.9		13.9
25.2	Staff training contracts			0			0			0			0			0
25.2	ADP related contracts			0			0			0			0			0
	Subtotal OC 25.2	17	0	17	18.7	0	18.7	18.7	0	18.7	21.4	0	21.4	21.4	0	21.4
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	53		53	58.3		58.3	58.3		58.3	67.1		67.1	67.1		67.1
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	53	0	53	58.3	0	58.3	58.3	0	58.3	67.1	0	67.1	67.1	0	67.1
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	10		10	1.5		1.5	1.5		1.5	1.7		1.7	1.7		1.7
25.4	Residential Building Maintenance	2		2	10		10	10		10	2.4		2.4	2.4		2.4
	Subtotal OC 25.4	12	0	12	11.5	0	11.5	11.5	0	11.5	4.1	0	4.1	4.1	0	4.1

## Operating Expense

USAID/Mongolia		Overseas Mission Budgets														
Org. No:	23438	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs			0			0			0			0			0
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	2		2	2.2		2.2	2.2		2.2	2.5		2.5	2.5		2.5
25.7	Vehicle Repair and Maintenance			0	1.7		1.7	1.7		1.7	1.9		1.9	1.9		1.9
25.7	Residential Furniture/Equip. Repair and Maintenance	6		6	6.6		6.6	6.6		6.6	7.5		7.5	7.5		7.5
	Subtotal OC 25.7	8	0	8	10.5	0	10.5	10.5	0	10.5	11.9	0	11.9	11.9	0	11.9
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	40		40	34.5		34.5	34.5		34.5	38		38	38		38
	Subtotal OC 26.0	40	0	40	34.5	0	34.5	34.5	0	34.5	38	0	38	38	0	38
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	33.8		33.8	3.6		3.6	3.6		3.6			0			0
31	Purchase of Office Furniture/Equip.	15		15	8.3		8.3	8.3		8.3	7.9		7.9	7.9		7.9
31	Purchase of Vehicles			0	30		30	30		30			0			0
31	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31	ADP Hardware purchases	25		25	15		15	15		15	15		15	15		15
	Subtotal OC 31.0	73.8	0	73.8	56.9	0	56.9	56.9	0	56.9	22.9	0	22.9	22.9	0	22.9
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office			0			0			0			0			0
32	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		444.2	0.0	444.2	492.7	0.0	492.7	492.7	0.0	492.7	492.7	0.0	492.7	492.7	0.0	492.7
Dollars Used for Local Currency Purchases		10,650.0			11,700.0			11,700.0			12,900.0			12,900.0		
Exchange Rate Used in Computations		800.0			800.0			800.0			800.0			800.0		

## USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

17-Sep-98  
11:51 AMCountry/Program:  
Scenario: Base Level

S.O. # , Title		FY 2000														Future Cost (POST 2000)	Year of Final Oblig.		
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 00	Est. Total Cost life of SO				
SO 1: A Policy and institutional framework conducive to rapid private-sector expansion created																			
DA	Bilateral	678	0			0											0		
	Field Spt		0																
	Total	678	0	0		0	0	0		0	0	0	0						
ES	Bilateral	3,750	7,500			7,500								3,000			15,000		
	Field Spt	2,700	0											2,250					
	Total	6,450	7,500	0		7,500	0	0		0	0	0	0	5,250	39,600	15,000			
NI	Bilateral	1,989	0														0		
	Field Spt		0																
	Total	1,989	0	0		0	0	0		0	0	0	0			0			
SO 2: A broad protected and sustainable public dialogue on key issues of the new and emerging social contract																			
	Bilateral	3,050	4,000									0	4,000	2,700	20,950	9,000	2,002		
	Field Spt	150	500										500	500					
	Total	3,200	4,500	0		0	0	0		0	0	0	4,500	3,200	20,950	9,000			
SPO 1: Emergency support provided to the Mongolian power production system.																			
	Bilateral	2,240	0											2,240			0		
	Field Spt		0													XX			
	Total	2,240	0	0		0	0	0		0	0	0	0	2,240	50,899	0			
	Bilateral		0														0		
	Field Spt		0													XX			
	Total	0	0	0		0	0	0		0	0	0	0			0			
	Bilateral		0														0		
	Field Spt		0																
	Total	0	0	0		0	0	0		0	0	0	0			0			
	Bilateral		0														0		
	Field Spt		0																
	Total	0	0	0		0	0	0		0	0	0	0			0			
Total Bilateral		11,707	11,500	0		7,500	0	0		0	0	0	4,000				24,000		
Total Field Support		2,850	500	0		0	0	0		0	0	0	500						
TOTAL PROGRAM		14,557	12,000	0		7,500	0	0		0	0	0	4,500						

<b>FY 2000 Request Sector Totals -- DA</b>	
Econ Growth	0
[Of which Microenterprise]	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

<b>FY 2000 Request Sector Totals -- ESF</b>	
Econ Growth	7,500
[Of which Microenterprise]	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	4,500
Humanitarian	0

FY 2001 Target Program Level	12,000
FY 2002 Target Program Level	12,000
FY 2003 Target Program Level	0

## USAID FY 1999 Budget Request by Program/Country

17-Sep-98  
11:51 AMCountry/Program:  
Scenario: Base Level

S.O. # , Title		FY 1999															Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 99	Est. Total Cost life of SO			
SO 1: A Policy and institutional framework conducive to rapid private-sector expansion created																		
DA	Bilateral	678	0			0										0	0	
	Field Spt		0															
	Total	678	0	0		0	0	0		0	0	0	0				0	
ES	Bilateral	2,715	3,750			3,750									2,715		15,000	
	Field Spt	2,250	2,250			2,250									1,800		2,002	
	Total	4,965	6,000	0		6,000	0	0		0	0	0	0	4,515	39,600		15,000	
NI	Bilateral	1,989	0														0	
	Field Spt		0														0	
	Total	1,989	0	0		0	0	0		0	0	0	0				0	
SO 2: A broad protected and sustainable public dialogue on key issues of the new and emerging social contract																		
ES	Bilateral	2,530	2,700									0	2,700	2,180			9,000	
	Field Spt	350	500										500	700			2,002	
	Total	2,880	3,200	0		0	0	0		0	0	0	3,200	2,880	20,950		9,000	
SPO 1: Emergency support provided to the Mongolian power production system.																		
ES	Bilateral	2,240	2,800			2,800								2,800			0	
	Field Spt		0														99	
	Total	2,240	2,800	0		2,800	0	0		0	0	0	0	2,800	50,899		0	
	Bilateral		0														0	
	Field Spt		0														XX	
	Total	0	0	0		0	0	0		0	0	0	0				0	
	Bilateral		0														0	
	Field Spt		0															
	Total	0	0	0		0	0	0		0	0	0	0				0	
	Bilateral		0														0	
	Field Spt		0															
	Total	0	0	0		0	0	0		0	0	0	0				0	
Total Bilateral																		
		10,152	9,250	0		6,550	0	0		0	0	0	2,700					
Total Field Support		2,600	2,750	0		2,250	0	0		0	0	0	500					
TOTAL PROGRAM		12,752	12,000	0		8,800	0	0		0	0	0	3,200				24,000	

## USAID FY 1998 Budget Request by Program/Country

17-Sep-98  
11:51 AMCountry/Program:  
Scenario: Base Level

S.O. # , Title		FY 1998														Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO		
SO 1: A Policy and institutional framework conducive to rapid private-sector expansion created																	
DA	Bilateral	678	0													0	
	Field Spt		0														
	Total	678	0	0	0	0	0	0	0	0	0	0	0			0	
ES	Bilateral	355	3,350			3,350								990		15,000	2,002
	Field Spt		2,250			2,250								0		0	
	Total	355	5,600	0	0	5,600	0	0	0	0	0	0	0	990	39,600	15,000	
NI	Bilateral	1,989	0									0					
	Field Spt		0														
	Total	1,989	0	0	0	0	0	0	0	0	0	0	0				
SO 2: A broad protected and sustainable public dialogue on key issues of the new and emerging social contract																	
ES	Bilateral		2,900										2,900	370		9,000	2,002
	Field Spt		700										700	350			
	Total	0	3,600	0	0	0	0	0	0	0	0	0	3,600	720	20,950	9,000	
SPO 1: Emergency support provided to the Mongolian power production system.																	
ES	Bilateral	6,642	2,800			2,800								7,202		0	99
	Field Spt		0														
	Total	6,642	2,800	0	0	2,800	0	0	0	0	0	0	0	7,202	50,899	0	
	Bilateral		0														
	Field Spt		0														
	Total	0	0	0	0	0	0	0	0	0	0	0	0			0	
	Bilateral		0														
	Field Spt		0														
	Total	0	0	0	0	0	0	0	0	0	0	0	0			0	
Total Bilateral		9,664	9,050	0		6,150	0	0		0	0	0	2,900				
Total Field Support		0	2,950	0		2,250	0	0		0	0	0	700				
TOTAL PROGRAM		9,664	12,000	0		8,400	0	0		0	0	0	3,600			24,000	

<b>FY 1998 Request Sector Totals -- DA</b>	
Econ Growth	0
[Of which Microenterpris	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

<b>FY 1998 Request Sector Totals -- ESF</b>	
Econ Growth	8,400
[Of which Microenterprise	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	3,600
Humanitarian	0

FY 2001 Target Program Level	12,000
FY 2002 Target Program Level	12,000
FY 2003 Target Program Level	0

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Workforce

Org. FY 1998 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	0.4	0.4			0.1			0.9	0.1						0.1	1
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program	1	1						2							0	2
FSN/TCN Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							2	2
Program	0.8	0.8			0.4			2		0.5	1.5				0	2
Total Staff Levels	2.2	2.2	0	0	0.5	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

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Workforce

Org. FY 1999 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
FSN/TCN Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Org. FY 1999 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	0.4	0.4			0.1			0.9	0.1						0.1	1
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program	1	1						2							0	2
FSN/TCN Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program	0.8	0.8			0.4			2		0.5	1.5				2	2
Total Staff Levels	2.2	2.2	0	0	0.5	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows



Workforce

Org. FY 2000 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
FSN/TCN Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Org. FY 2000 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	0.4	0.4			0.1			0.9	0.1						0.1	1
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program	1	1						2							0	2
FSN/TCN Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program	0.8	0.8			0.4			2		0.5	1.5				2	2
															0	2
Total Staff Levels	2.2	2.2	0	0	0.5	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. FY 2001 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	0.45	0.45						0.9	0.1						0.1	1
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program	1	1						2							0	2
FSN/TCN Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire:																
OE Internationally Recruited								0							0	0
OE Locally Recruited								0		0.5	1.5				2	2
Program	1	1						2							0	2
Total Staff Levels	2.45	2.45	0	0	0	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. Summary On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
FY 1998:																
U.S. Direct Hire	0.4	0.4	0	0	0.1	0	0	0.9	0.1	0	0		0		0.1	1
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0.5	1.5	0	0	0	2	2
Total OE Funded Staff	0.4	0.4	0	0	0.1	0	0	0.9	0.1	0.5	1.5	0	0	0	2.1	3
Program Funded	1.8	1.8	0	0	0.4	0	0	4	0	0	0	0	0	0	0	4
Total FY 1998	2.2	2.2	0	0	0.5	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7
FY 1999 Target:																
U.S. Direct Hire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OE Funded Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Program Funded	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FY 1999 Target	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1999 Request:																
U.S. Direct Hire	0.4	0.4	0	0	0.1	0	0	0.9	0.1	0	0	0	0	0	0.1	1
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0.5	1.5	0	0	0	2	2
Total OE Funded Staff	0.4	0.4	0	0	0.1	0	0	0.9	0.1	0.5	1.5	0	0	0	2.1	3
Program Funded	1.8	1.8	0	0	0.4	0	0	4	0	0	0	0	0	0	0	4
Total FY 1999 Request	2.2	2.2	0	0	0.5	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7
FY 2000 Target:																
U.S. Direct Hire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OE Funded Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Program Funded	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FY 2000 Target	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 2000 Request:																
U.S. Direct Hire	0.4	0.4	0	0	0.1	0	0	0.9	0.1	0	0	0	0	0	0.1	1
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0.5	1.5	0	0	0	2	2
Total OE Funded Staff	0.4	0.4	0	0	0.1	0	0	0.9	0.1	0.5	1.5	0	0	0	2.1	3
Program Funded	1.8	1.8	0	0	0.4	0	0	4	0	0	0	0	0	0	0	4
Total FY 2000 Request	2.2	2.2	0	0	0.5	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7
FY 2001 Estimate:																
U.S. Direct Hire	0.45	0.45	0	0	0	0	0	0.9	0.1	0	0	0	0	0	0.1	1
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0.5	1.5	0	0	0	2	2
Total OE Funded Staff	0.45	0.45	0	0	0	0	0	0.9	0.1	0.5	1.5	0	0	0	2.1	3
Program Funded	2	2	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total FY 2000 Target	2.45	2.45	0	0	0	0	0	4.9	0.1	0.5	1.5	0	0	0	2.1	7

# Workforce

MISSION :

## USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	1	1	1	1
02 Program Off.				
03 EXO				
04 Controller				
05/06/07 Secretary				
10 Agriculture.				
11Economics				
12 GDO				
12 Democracy				
14 Rural Dev.				
15 Food for Peace				
21 Private Ent.				
25 Engineering				
40 Environ				
50 Health/Pop.				
60 Education				
75 Physical Sci.				
85 Legal				
92 Commodity Mgt				
93 Contract Mgt				
94 PDO				
95 IDI				
Other*				
<b>TOTAL</b>	1	1	1	1

\*please list occupations covered by other if there are any

GLOBAL FIELD SUPPORT									
Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)					
				FY 1998 Obligated by:		FY 1999 Obligated by:		FY 2000 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO2 Democracy & Governance	Consortium for Elections & Political Process Strengthening Project (CEPPS)- IRL No. 936-5468	High	4 yrs	500	----	500	----	500	-----
SO2 Democracy & Governance	Consortium for Elections & Political Process Strengthening Project (CEPPS)- IDLI No. 936-5468	High	1yr	214	----	----	----	----	----
SO1 Economic Policy Support	Support for Economic Growth & Institutional Reform (SEGIR) No. 936-4212	High	2 yrs	2,250	----	2,250	----	----	----
GRAND TOTAL.....				2,964		2,750		500	

\* For Priorities use high, medium-high, medium, medium-low, low